

**Chubb & Son
Administration
Private & Confidential**

Memo

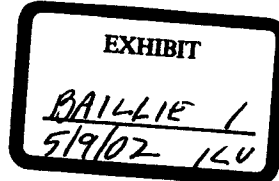
To: Doug Baillie - CIN
From: Tim Szerlong
Date: 03/09/01
Re: **Performance Discussion – Focus Areas for Improvement**

Although we have completed the customary performance documents, I want to take this opportunity to further articulate and reinforce my concerns. I recognize we covered some new ground in our discussion of February 27th, and there is much for you to absorb and understand.

It is important to recognize that as a Regional Branch Manager and Senior Vice President, you are measured against a different and tougher standard than your previous positions. The expectation in development and execution of strategy, leadership of people, and financial results are high – and the bar has been further raised for 2001. Simply stated, we are all being measured against a tougher standard and future expectations will only increase.

You have a history and reputation of strong customer relationships and a sales focus. Bear in mind that this focus can call in to question your level of interest or engagement in the many internal management responsibilities essential to effectively running a branch and driving resources regionally. My concerns regarding your management approach and current results fall in the following areas:

- ◆ **Performance Management/Standards** – I would rate the professional staff in the Ohio Valley Region as the weakest in the Zone. At the management level, there is a considerable gap in capability and performance between the relatively small top tier group and the larger remaining group. Your assessment and disposition of the performance issue with Michael Whitman is an example of accepting a level of performance we can ill afford. Your judgement on this case concedes a level of performance that is simply adequate by your own admission, and at the same time, he is currently unable to perform the regional aspect of his job. Such a scenario is not tolerable. I reviewed with you a handful of managers through the region that we simply must get a higher level of performance from. These results call into question whether the proper standard of performance exists, or whether there is an understanding among the branch management team as to where expectations should fall.
- ◆ **Regional Influence** – The engagement of practice leaders in the region has been sometimes inconsistent. Marketing, PMM, and CIS are three areas where our results have fallen short in 2000. This calls into question the communication and emphasis provided in defining these roles and driving priorities and results through the region. It is important to emphasize that this is a measure of 2000 results, as the regional role has changed for 2001. When we discuss priorities, we must make sure there is an understanding of how these roles should work going forward, and what your responsibilities in leading this effort should be.
- ◆ **Leadership** – Difficult to measure – critical to your success. The breadth of your leadership responsibility is indeed significant – the most demanding thus far in your career. You are constantly measured by others in the manner in which you address issues, as well as the outcome



you choose. Your tendency to argue an extreme position on a point is sometimes perceived as inflexible. Such a tactic runs the risk of not adequately addressing the subtle grey areas prevalent in most business issues. Bottom line, you are perceived, as rather black and white in your judgement process when more nuance and compromise is required. This approach can be specifically detrimental to lieutenants, as it can diminish their energy for arguing a different approach on issues. You are not well served by this type of a superior/subordinate relationship.

The feedback I receive on your management meetings in Cincinnati has also sometimes been unfavorable. Your people are looking for more discussion, understanding, and vision from you on how various corporate directives effect their business. If you are quick to dismiss an issue that might benefit from discussion or are less willing to translate what it means for your team, you will unfavorably shape how you are perceived as a leader.

Another example where your approach did not have the desired effect was in our discussion on the HR needs in Cincinnati several months ago. Our discussion, which took place in the audience of several of your lieutenants, served you poorly. Whether you were attempting to make an extreme point for the sake of argument or not, you clearly left me, as well as your audience, with an unfavorable perception regarding your view of the HR role, a lack of concern for the lack of female representation in the Zone/Region, and a lack of flexibility. These "moments of truth" for you as a leader are critical to how you are perceived. It is important that you better recognize such moments and respond differently.

- ◆ **Profitability** – Branch managers are more accountable than ever for bottom line profit. You have been in Cincinnati for long enough where you clearly own these results. The Cincinnati branch has failed to make money in each of the last three years, and although some indications clearly reflect the potential for better days ahead, and the UIM issue has been an unusual drain on profits, we are not there yet. It is critical for you to achieve the turnaround and establish your record as a branch manager that can drive consistent profit.

Doug, your success in Cincinnati hinges on better financials, a modification of your management execution, and the ability to build a reputation as a balanced and consistent leader. This memorandum is admittedly one sided, focusing on improvements and needs – it does not address the many areas where you are doing well. I am writing merely to better capture the areas requiring your attention so that you might better understand the issues, and better shape the actions for improvement. I look forward to working with you on this development in the months ahead.

TJS:kms

2/21
D. Scum**Competency Assessment**

PA001

Contact Shared Services at 1-888-500-5999 if you need assistance completing this form.

Employee Information

Name: Douglas W Baillie

Date: 01/23/2001

Branch: Cincinnati

Pay Band: 7

Job Title: Branch Manager

Employee Updated Date: 02/07/2001

Universal Competency Assessment**Results Orientation**

Employee Rating: 4

Achieves results through accurate and timely decision-making according to established standards and/or change processes that ensures Chubb's reputation as a quality, service oriented and value-added organization.

Comments: *Crisp focus on results → Needs to translate to profit***Customer Focus**Employee Rating: *4.5*

Delivers quality products in a timely manner, meeting or exceeding expectations.

Comments: *Very O/S focused***Teamwork**

Employee Rating: 4

Works effectively with others to help create an open and supportive environment. Capitalizes on collaboration and diversity of thought to achieve Chubb's goals.

Comments: *Emp Survey → strong result. Regional Team needs direction - hasn't gotten it.***Leadership**Employee Rating: *2.5*

Influences others to positively contribute to and support vision, values, diversity initiatives, and business strategies of Chubb.

→ * Comments: *Critical area for growth. There are issues here. Sometimes short changes dialogue / miscommunication on key issues***Communication**Employee Rating: *2.5*

Creates and sustains an environment in which information flows freely in a clear, concise and direct manner.

→ Comments: *looking for more voice / audience awareness in communication***Coaching/Developmental**Employee Rating: *4.5 advanced proficiency 2.5*

Provides assistance to others through sharing expertise, providing constructive feedback and giving encouragement to help others better handle current and new tasks, develop confidence and competencies and deliver needed results.

Comments:

→ *HR results not there yet. Need more consistency - need of top performance.*

Domain Competency Assessment

Branch Manager Domain

Business Development

Employee Rating: 4

Develops and maintains the mix of business which results in meeting or exceeding growth and profit goals.

Comments: *High marks here*

Financial Management

Employee Rating: *3*

Manages all financial aspects of the business including planning, expenses, pricing, premium growth, profitability and income.

Comments: *Profitability record yet to be established*

Operational Management

2.5

Employee Rating: *4.5* advanced proficiency

Leads and maintains continuous influence over a broad spectrum of business activities demonstrating depth and breadth of necessary skills and knowledge to meet/exceed goals.

Comments: *Selectively engaged - inconsistent interest*

Human Resources

Employee Rating: *3*

Establishes and manages relationships with others that enable each individual and team(s) to maximize potential.

Comments: *Results?*

Employee Rating:

Comments:

Employee Rating:

Comments:

Approval Section

Does this Competency Assessment require Next Level approval? Yes
Does this Competency Assessment require any additional approvers? No

[Redacted]

Name:

Date:

Name:

Date:

Comments:

[Redacted]

Name:

Date:

[Redacted]

Name:

Date: